

## **CITY OF ASHEVILLE OUTSIDE AGENCY POLICY**

**ORIGINATING UNIT:** Finance Dept., Budget & Research Div.    **EFFECTIVE DATE:** July 1, 2008

### **OBJECTIVE**

To establish a policy for the City to enter into service contracts with outside agencies that have provided service proposals directly related to City Council Strategic Priorities.

### **POLICY**

The City of Asheville may enter into contracts for service with various outside agencies (i.e. non-profit organizations) that are located in Asheville. The outside agencies will submit proposals to provide services that are directly related to one or more of City Council's Strategic Priorities. The Finance Department, through its Budget & Research Division, will review all outside agency proposals to ensure that the proposed service aligns with at least one of Council's priority areas and that all relevant budget and management issues of the outside agency are evaluated before the proposal is considered for contract. The Finance Department will then make contract recommendations to the Finance Committee. The Finance Committee will present contract recommendations to the full City Council for inclusion in the annual budget ordinance.

Funds appropriated for these contracts are to be viewed as payments for service and not grant funding as the City is not a grantor organization. The City does participate in programs that provide grant funds to agencies, such as CDBG, and agencies interested in grant funds may contact CDBG staff about the availability of funds.

A small portion of the City's budget is appropriated each year for service contracts making the process extremely competitive. Strong preference will be given to agencies whose programs directly align with Council Priorities.

### **PROCEDURES**

1. The City may enter into a contract with an outside agency for a one-year period starting on July 1 and ending on June 30, consistent with the City's fiscal year. The City will not enter into a contract with any outside agency beyond a one-year timeframe unless the contract is for a capital campaign. Agencies that are currently receiving funding, or have received funding in the past, must submit a service proposal on an annual basis in order to be considered.
2. The Finance Department will mail the list of City Council Strategic Priorities and a request for proposal in January to each outside agency with which the City had a contract in the current fiscal year and to other agencies requesting the information.
3. Outside agencies will provide a proposal outlining programs and/or services they agree to provide if contracted by the City. Proposals will be due in mid-February and reviewed as part of the annual budget process for the upcoming fiscal year. The City

will not consider outside agency proposals outside of the annual budget process or after the established proposal deadline.

4. The Budget & Research Division will review each proposal and compile information for subsequent review by the Finance Committee.
5. The Finance Committee will meet in March to review all outside agency service proposals, including information compiled by the Budget & Research Division. The Budget & Research Division will present to the Committee a preliminary estimate of

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the total amount of contracted services proposed, a brief financial report on each agency and staff's written contract recommendations.

6. The Finance Committee may hold additional meetings to review outside agency proposals in more detail. The Committee may request formal presentations by agencies as needed.
7. The Finance Committee will complete its review of outside agency proposals prior to May and will present its recommendations, along with staff recommendations, to the full City Council as part of the City Manager's presentation of the annual operating budget. Approved contracts for service shall be included in the annual budget ordinance.
8. The City will enter into contracts with outside agencies that propose specific programs and/or services related to Council Priorities. General operations do not qualify for an outside agency contract.
9. Upon adoption of the annual budget ordinance, Finance staff will develop contracts between the City and each outside agency that has been approved. The contract will include the scope of programs and/or services to be provided by the outside agency, payment arrangements, and reporting requirements.
10. Budget & Research staff may conduct site visits to outside agencies to familiarize themselves with agency services, view program outcomes, and/or offer assistance regarding the City of Asheville processes.

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City staff will evaluate applications based on the following guidelines:

1. The City will only accept proposals from outside agencies organized as 501(c)(3) corporations.
2. The City will only give consideration to outside agencies whose programs and/or services support the City's mission in the following core service areas: public safety, culture & recreation, economic & community development, and transportation & engineering.
3. The City will only give consideration to outside agencies whose programs and/or services support City Council's Strategic Priorities in the current fiscal year.

Specifically, City staff will use the following criteria to review applications and make funding recommendations to the Finance Committee:

4. What is the proposed cost of the program, service or capital project to be provided by the outside agency?
5. What is the proposed cost as a percentage of the outside agency's total budget? The City will give preference to agencies with a diversified revenue base.
6. Does the proposed program or service align directly with one or more of the City's core areas or Council's priority areas?
7. Does the agency have a strong background/capacity to complete the proposed project/activity?
8. Is the agency financially stable/sound? Each proposal should include a complete agency budget and an annual outside audit, as well as a certification of complete and accurate financial data.
9. City Council members will not serve as a volunteer on any board or organization seeking funding from City government unless said service is a requirement through legislation or legal agreement.